

U.S. Department of the Interior
Bureau of Land Management
Kremmling Field Office
P.O. Box 68
Kremmling, CO 80459

DOCUMENTATION OF LAND USE PLAN CONFORMANCE AND NEPA ADEQUACY

NUMBER: CO-120-2008-04-DNA

PROJECT NAME: McCallum #176, 177, and 154 Flowline Work

LEGAL DESCRIPTION: #176: T. 10 N., R. 79 W., Sec. 34
 #177: T. 9 N., R. 79 W., Sec. 3
 #154: T. 9 N., R. 79 W., Sec. 2
 McCallum Oil Field, Jackson County

APPLICANT: Bonanza Creek Energy Operating CO., LLC

DESCRIPTION OF PROPOSED ACTION:

Background: The Federal mineral estate, administered by the Bureau of Land Management (BLM) as part of its mineral leasing program, provides minerals, including fossil fuels, for the benefit and use of the American public, and encourages development of domestic oil and gas reserves to reduce dependence on foreign energy supplies. Mineral development is supported by the Mineral Leasing Act (1920 30 USC 181 et. seq.) and the Federal Land Policy and Management Act (FLPMA).

Bonanza Creek Energy Operating CO., LLC (Bonanza) recently acquired a number of Oil and Gas Leases in the McCallum Oil Field (McCallum) in Jackson County, Colorado, an area addressed in the RMP with an *Oil and Gas* land use priority. The ROD states that these lands are known to contain oil and gas, and the priority is to given to leasing and development for the production of oil and gas.

Proposed Action: The Proposed Action would occur in the McCallum Oil Field in Jackson County, Colorado.

#176 Flowline: Bonanza proposes to reconfigure and replace the flow lines between #176 and #51 wells. Bonanza would install new injection line (1" Sch 40, welded, coated steel line) and new producer line (1" Sch 40, welded, coated steel line) to convert #176 from a producer to injection and to convert #51 from injection to producer. Installation and replacement of these

lines would require construction of a 500' trench 5' deep by 2' wide, utilizing a trencher or backhoe depending on conditions. The trenching would follow existing roads and/or disturbance corridors of the original flowline.

#177 Flowline: Bonanza proposes to install new injection line (1" Sch 40, welded, coated steel line) to convert #177 from producer to injection. Installation and replacement of this line would require construction of a 1000' trench, 5' deep by 2' wide, utilizing a trencher or backhoe depending on conditions. The trenching would allow for replacement of the line between #177 to W2 and would follow the road and/or disturbance corridor of the original flowline.

#154 Flowline: Bonanza proposes to install new injection line (1" Sch 40, welded, coated steel line) from the #154 wellhead to the W1 header in order to convert #154 from producer to injection. Installation and replacement of this line would require construction of a 1000' trench, 5' deep by 2' wide, utilizing a trencher or backhoe depending on conditions. The trenching would follow existing roads and/or disturbance corridors of the original flowline (see Attachment #1 for project map).

LAND USE PLAN (LUP) CONFORMANCE REVIEW: The Proposed Action is subject to the following plan:

Name of Plan: Kremmling Resource Management Plan (RMP), Record of Decision (ROD)

Date Approved: December 19, 1984; Updated February 1999

The Proposed Action is in conformance with the LUP, even though it is not specifically provided for, because it is clearly consistent with the following LUP decisions (objectives, terms, and conditions):

Decision Language:

II. RESOURCE DECISIONS, 1. Minerals Management, PG 4. Notes that the objective is to maximize the availability of the federal mineral estate for mineral exploration and development.

The proposed action is located in an area addressed in the RMP with an *Oil and Gas* land use priority. The ROD states that these lands are known to contain oil and gas, and the priority is to given to leasing and development for the production of oil and gas.

REVIEW OF EXISTING NEPA DOCUMENTS:

List by name and date all existing NEPA documents that cover the Proposed Action.

#176 & #177 Flowlines:

Name of Documents: Nielson & Associates 15 Oil Well Applications for Permit to Drill (APDs); CO- KRFO-02-31-EA

Date Approved: September 5, 2002

#154 Flowline:

Name of Documents: Nielson & Associates 32 Oil Well Applications for Permit to Drill (APDs); CO-KRFO-00-55 EA

Date Approved: June 29, 2000

NEPA Adequacy Criteria	Yes	No
<p>1. Is the Proposed Action substantially the same action and at the site specifically analyzed in an existing document?</p> <p>Explanation: Yes, the Proposed Action would follow existing disturbance routes (i.e. roads and flowline corridors) within the same areas analyzed in the 2000 and 2002 Environmental Assessments (EAs) referenced above.</p>	X	
<p>2. Was a reasonable range of alternatives to the Proposed Action analyzed in the existing NEPA document(s), and does that range and analysis appropriately consider current environmental concerns, interests, and resource values?</p> <p>Explanation: Yes, the Proposed Action and the No Action Alternative were analyzed in the existing NEPA documents. The analysis appropriately considers current environmental concerns, interests, and resource values.</p>	X	
<p>3. Does the information or circumstances upon which the existing NEPA document(s) are based remain valid and germane to the Proposed Action? Is the analysis still valid in light of new studies or resource assessment information?</p> <p>Explanation: Yes, there is no new information or circumstances that would invalidate the existing analyses.</p>	X	
<p>4. Does the methodology and analytical approach used in the existing NEPA document(s) continue to be appropriate for the Proposed Action?</p>	X	

Explanation: Yes, the methodology and analytical approach used in the EAs continues to be appropriate for the Proposed Action.		
5. Are the direct and indirect impacts that would result from implementation of the Proposed Action unchanged from those analyzed in the existing NEPA document? Explanation: Yes, the EAs analyzed the ground disturbing impacts associated with installing flowlines. The proposed construction activities would lie within these impact analysis areas.	X	
6. Are the cumulative impacts that would result from implementation of the Proposed Action unchanged from those analyzed in the existing NEPA document(s)? Explanation: Yes, the cumulative impacts that would result from implementation of the Proposed Action remain unchanged.	X	
7. Is the public involvement and interagency review associated with the existing NEPA document(s) adequate for the Proposed Action? Explanation: Yes, the Kremmling RMP/ROD was thoroughly scrutinized by members of the general public as well as other federal, state and local agencies. The Proposed Action, which would occur within the existing oil field development, would not create any new resource issues or concerns and there have been no additional issues, concerns, or controversies developed since the EAs was written. In addition, public scoping was conducted as part EA processes in 2000 and 2002. The Proposed Action is listed on the Kremmling Field Office Internet NEPA Register notifying potential interested or affected publics.	X	

INTERDISCIPLINARY REVIEW:

Name	Title	Area of Responsibility	Date Review Completed
Kelly Hodgson	Natural Resource Specialist	Minerals, Surface Reclamation	11/8/07
Megan McGuire	Wildlife Biologist	Wildlife & T&E	11/13/07
Paula Belcher	Hydrologist	Soil, Water, Air, and Riparian	11/19/07
Richard Johnson	Rangeland Mgt Specialist	Invasive, Non-native Species, Vegetation, Range	11/19/07
Bill Wyatt	Archaeologist	Cultural, Native American Religious Concerns	11/19/07
Joe Stout	P&EC	NEPA Compliance	11/19/07

*See the 2002 EA for a complete list of the original interdisciplinary team member's participating in the preparation of these documents.

REMARKS:

Cultural Resources: The proposed well locations are within areas that have acceptable cultural resource inventories which have adequately identified known cultural resources at proposed well locations and all access to those well pads. No cultural resources that are eligible to the National Register are located within the proposed well site locations.

Native American Religious Concerns: Native American consultation for ground disturbance activities within the proposed project areas were completed during the 2000 and 2002 EA processes. No concerns were identified.

Threatened and Endangered Species: No impacts to federal or state listed threatened or endangered species. The proposed project is located in habitat occupied by Greater sage-grouse, a BLM designated sensitive species. While sage-grouse occupy the project area on a yearlong basis, the area is especially important as nesting habitat for sage-grouse. The nearest sage-grouse breeding complex (referred to as a lek) is located less than 1 mile west of the project area. Two other active leks are located with two miles. The sagebrush habitat adjoining the leks provides hiding and nesting cover for sage-grouse during the nesting season. The project area is also mapped as sage-grouse winter range by the Colorado Division of Wildlife. Construction activities would likely displace sage-grouse during the nesting and winter seasons, thus the proposed mitigation is included below.

Visual Resources: The Proposed Action is located in a developed oil and gas field and is not anticipated to have an adverse affect on Visual Resources. Proposed flowlines would be located along existing access routes to limit overall disturbance.

MITIGATION:

- Soil removed during trenching would be replaced within the trench, compacted, and seeded with a BLM approved seed mix (See Attachment #2 for seed mix) immediately following completion of construction.
- Bonanza Energy would be responsible for the management and control of invasive non-native plant species within the project area.
- In order to avoid impacts to sage-grouse during the nesting and winter seasons, no construction activity would be allowed between December 16th to June 30th.

Cultural/Paleontological:

The holder shall immediately bring to the attention of the Authorized Officer any and all antiquities, or other objects of historic, paleontological, or scientific interest including but not limited to, historic or prehistoric ruins or artifacts DISCOVERED as a result of operations under this authorization (16 U.S.C. 470.-3, 36 CFR 800.112). The holder shall immediately suspend all activities in the area of the object and shall leave such discoveries intact until written approval to proceed is obtained from the Authorized Officer. Approval to proceed will be based upon

evaluation of the object(s). Evaluation shall be by a qualified professional selected by the Authorized Officer from a Federal agency insofar as practicable (BLM Manual 8142.06E). When not practicable, the holder shall bear the cost of the services of a non-Federal professional.

Within five working days the Authorized Officer will inform the holder as to:

- Whether the materials appear eligible for the National Register of Historic Places;
- The mitigation measures the holder will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
- A timeframe for the Authorized Officer to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the Authorized Officer are correct and that mitigation is appropriate.

If the holder wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the Authorized Officer will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the holder will be responsible for mitigation costs. The Authorized Officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Authorized Officer that the required mitigation has been completed, the holder will then be allowed to resume construction.

Antiquities, historic, prehistoric ruins, paleontological or objects of scientific interest that are outside of the authorization boundaries but directly associated with the impacted resource will also be included in this evaluation and/or mitigation.

Antiquities, historic, prehistoric ruins, paleontological or objects of scientific interest, identified or unidentified, that are outside of the authorization and not associated with the resource within the authorization will also be protected. Impacts that occur to such resources, which are related to the authorizations activities, will be mitigated at the holder's cost.

Pursuant to 43 CFR 10.4(g), the holder of this authorization must notify the Authorized Officer, by telephone, with written confirmation, immediately upon the discovery of human remains, funerary items, sacred objects, or objects of cultural patrimony. Further, pursuant to 43 CFR 10.4 (c) and (d), you must stop activities in the vicinity of the discovery and protect it for 30 days or until notified to proceed by the Authorized Officer.

NAME OF PREPARER: Kelly Hodgson

NAME OF ENVIRONMENTAL COORDINATOR: Joe Stout

DATE: 11/19/07

ATTACHMENTS:

- 1). Project Map
- 2). Seed Mix

CONCLUSION

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Based on the review documented above, I conclude that this proposal conforms to the land use plan and that the NEPA documentation previously prepared fully covers the Proposed Action and constitutes BLM's compliance with the requirements of NEPA.

SIGNATURE OF RESPONSIBLE OFFICIAL: /s/ Peter McFadden (acting)

DATE SIGNED: 11/19/07

Note: The signed Conclusion on this worksheet is part of an interim step in the BLM's internal decision process and does not constitute an appealable decision.